

LAKEFRONT

FUTURES

June 5, 2026

THIS ISSUE

Near Term:

Bullish: Coffee

Bearish: Soymeal

Technical

Bullish: Copper

Other:

Screwworm in Texas & the Cattle Market

MAJOR ECONOMIC EVENTS

June 9

- Chinese Trade Balance
- International Trade Balance
- Existing Home Sales
- Wholesale Trade

June 10

- Chinese CPI/PPI
- Consumer Price Index
- BOC Meeting

June 11

- ECB Meeting
- Producer Price Index
- Jobless Claims

June 12

- Consumer Sentiment

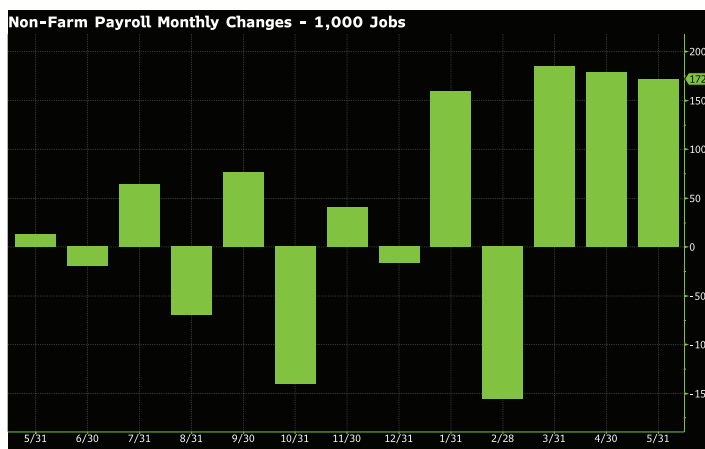
Economic Focus

While the US economy continues to show signs of holding together, financial and physical commodity markets appear to be in a liquidation mode. The end of severe stagflation fear may be drawing nearer, with recent European ISM and PMI readings showing that heavily energy-import-dependent countries are holding up despite brutal fuel costs. In addition, the US economy continues to hold together, with nonfarm payroll results providing confidence. On the other hand, it appears the optimistic AI focus has become “frothy,” as evidenced by recent corrective action in equity markets.

While the prospect of peace continues to shift, crude oil

prices have begun to weaken, as if the energy trade has grown calloused to the Strait of Hormuz closure. Seeing the petroleum complex markets becoming less sensitive to disruptions to the peace effort can be seen as a sign of ongoing progress, as those with access to the specifics of the negotiations are heavily involved in global energy trade.

Given the duration of Middle East uncertainty and the massive liquidation in many physical commodity markets, traders should not underestimate the potential for major relief rallies, even if an initial US-Iran agreement is for a cease-fire rather than a lasting peace.



OVERVALUED/UNDERVALUED

Fundamental

Technical

COT

OVERVALUED

Natural Gas	Bonds	Soybean Oil
Treasuries	Natural Gas	RBOB
Dollar Index	Cattle	Bitcoin

UNDERVALUED

Copper	Coffee	Sugar
Equities	Soybeans	Palladium
Gold	Corn	Chicago Wheat

OUR OPINION... MARKET BY MARKET

Market		*
Stocks	Corrective action to create fresh long entry ahead.	L
Bonds	End to stagflation but a beginning of rate hike fear.	S
Dollar	A lack of war flight to quality buying favors the bears.	S
Euro	Respite from high oil to usher in a corrective bounce.	L
Gold	An end to stagflation fear; bulls need a peace deal.	L
Silver	Bulls still need a peace deal to turn trend higher.	L
Copper	Corrective track needed to balance overbought mkt.	S
Crude	Failure to rally off Lebanon/Israel setback is bearish.	S
Gasoline	Falling sensitivity to Middle East conflict is bearish.	S
Nat Gas	Overbought but heat and Middle East news supports.	S
Soybeans	Key support gives way, more weather pressure.	S
Corn	Tech collapse, rallies limited until weather turns worse.	S
Wheat	Near-term pressure, but world production to drop.	S
Hogs	Head-fakes continue, no confirmed bottom yet.	S
L Cattle	Bullish screwworm reaction, tight supplies supportive.	L
Sugar	Crude oil pullback weakens ethanol demand outlook.	S
Coffee	Into "bargain" territory; record global consumption.	L
Cocoa	"Risk off" mood may erode demand improvement.	S
Cotton	Carryover pressure from sluggish energy prices.	S

* For traders/commercials who need to be in a market, L = Long, S = Short, N = Neutral
These reflect our opinions for the next 7 days. They may contradict longer term viewpoints expressed elsewhere in this publication.

OPTIONS SCAN

Undervalued

Buy Aug Coffee 245.00/265.00 bull call @ 4.80

Buy Aug Corn 435 call @ 10

Buy July Hog 100.00 call @ 1.75

Overvalued

Sell July Copper \$6.10 put @ 0.0900*

Sell Aug Corn 615 put @ 13*

Sell June S&P 6,650 put @ 7.25*

Change of Trend

Buy July Copper \$6.40 call @ 0.0825

Buy July Bond 111.50 put @ 0-56

Buy June S&P 7,450 call @ 5.25

Only use these strategies during periods of high liquidity.

* When selling options, only risk to double the premium received.

*** High Risk Traders Only! Extremely Volatile Market!

TRADERS TOOLBOX

UPDATES TO PRIOR LONGER-TERM TRADE STRATEGIES

Original Trade Date	Trade	Action
Natural Gas 5/1/26	Long 4 July \$3.50 Natural Gas calls for 0.061. and Short 1 July Natural Gas futures contract at 2.986.	EXIT STRATEGY at the market.
Copper 5/15/26	BUY July Copper at \$5.93.	CANCEL STRATEGY.
Bonds 5/22/26	SELL September Bonds on a rally at 113-16.	Use an objective of 108-00, and risk the trade to 114-30.
Copper 6/5/26	BUY July Copper at \$6.23.	Use an objective of \$6.55, and risk the trade to \$6.16.

Trade recommendations are only suggestions. This is not to be construed as a trading system or tracking account. No representation is being made that any account will or is likely to achieve profits or losses to those shown. By reading or following this report, you acknowledge and accept that all trading decisions are your own sole responsibility, and The Hightower Report or anybody associated with The Hightower Report cannot be held responsible for any losses that are incurred as a result. Trade fills are hypothetical. Traders may not be able to enter or exit the trades exactly at the prices indicated due to liquidity or market slippage.

COPPER RECOVERY AFTER TECHNICAL CORRECTION

The copper market was massively overbought from spec and fund long positioning and saw a significant buildup in exchange warehouse stocks at the beginning of the year, so we see prices continuing to correct before forging very solid lows on the charts. Both the LME and the Shanghai exchange copper warehouse stocks have remained in a drawdown, especially in Shanghai, which is at only 169,512 tonnes, compared to 240,456 tonnes in mid-April and 433,548 tonnes in mid-March. The copper trade continues to see demand undermined by the seemingly unending closure of the Strait of Hormuz and elevated energy costs, but several major copper mining companies continue to project global demand outpacing supply through the end of the year. Unfortunately for the bull camp, seeing Hezbollah reject the Israeli peace offering, and more importantly, indicating they will not remove troops from Lebanon, suggests that a US/Iranian peace deal has been put on the back burner once again.

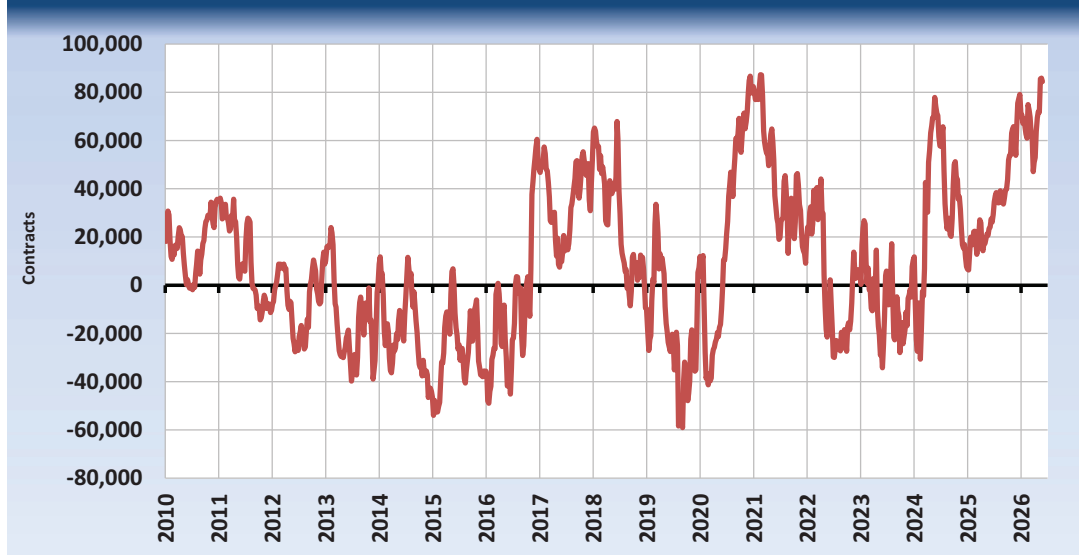
In additional bearish news for copper, net spec and fund long positioning in the Commitment of Traders report shows a historically overbought position in a negative geopolitical environment, which should allow the recent correction to extend. Fortunately for the bull camp, we see the unending fear of stagflation beginning to moderate, without increasing US rate-hike concerns. Therefore, we suggest traders look for further significant declines in July copper before attempting to “pick the bottom”. We expect bullish resiliency to return to copper once the market’s technical condition is balanced. We are targeting \$6.23 in July copper from uptrend channel support drawn off the March and April lows, with

additional support possibly down at the first retracement of the 2026 recovery at \$6.1760. We only see the lower retracement target if the markets encounter a significant “risk off” event in the coming week.

Long-term Contrarian Strategy

BUY July Copper at \$6.23 with an objective of \$6.55. Risk the trade to \$6.16.

Copper - Non-Commercial & Non Reportable Traders
Futures & Options - Net Position



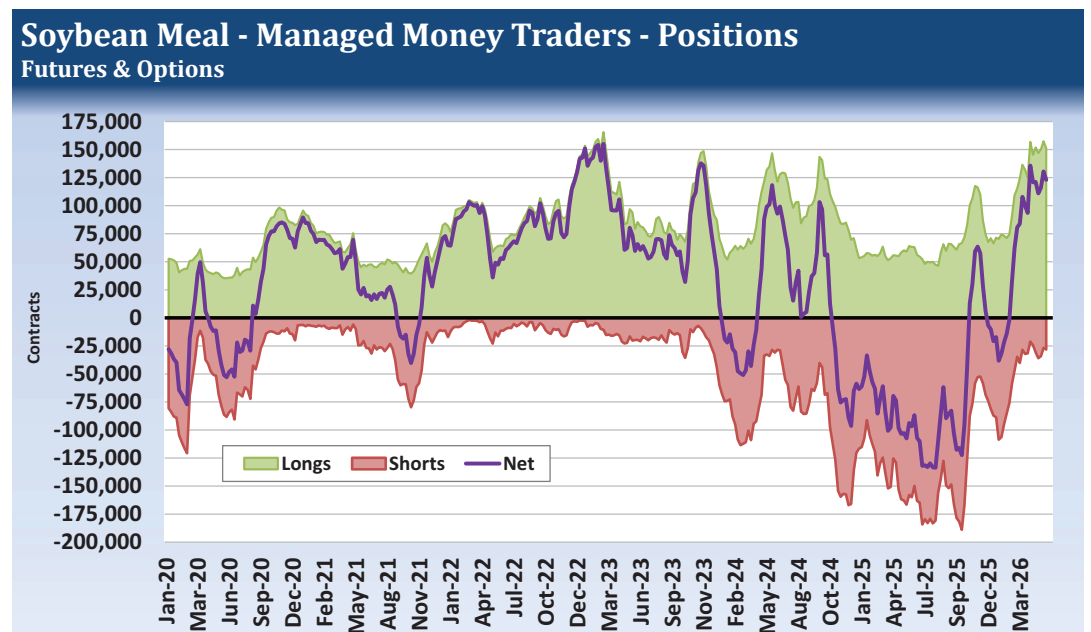
Shanghai Deliverable Copper Stocks
Tonnes



SHIFTING SOYMEAL TECHNICALS

Soymeal has maintained a steady uptrend since early February, but the deteriorating technical action this week has shifted the market into a more bearish posture. Key trendline and moving average support levels failed to hold, and July soymeal closed below all three major moving averages on heavy trading volume Thursday. Open interest had been building through early this week and reached its highest level since October of last year. However, Thursday's sharp decline in open interest as prices broke chart support suggests Managed Money longs were actively liquidating positions, a development that often signals additional technical weakness ahead. The most recent CFTC data, dated May 26, showed Managed Money traders holding a net long position of just under 155,000 contracts, not far below the record-high 177,000 contracts established in March 2023. That sizeable speculative long position may continue to weigh on the market as the intermediate-term trend turns lower.

Commodity inflation concerns helped support physical commodity markets into the middle of May, but those fears appear to have peaked as energy prices retreat and grain and



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SHIFTING SOYMEAL TECHNICALS

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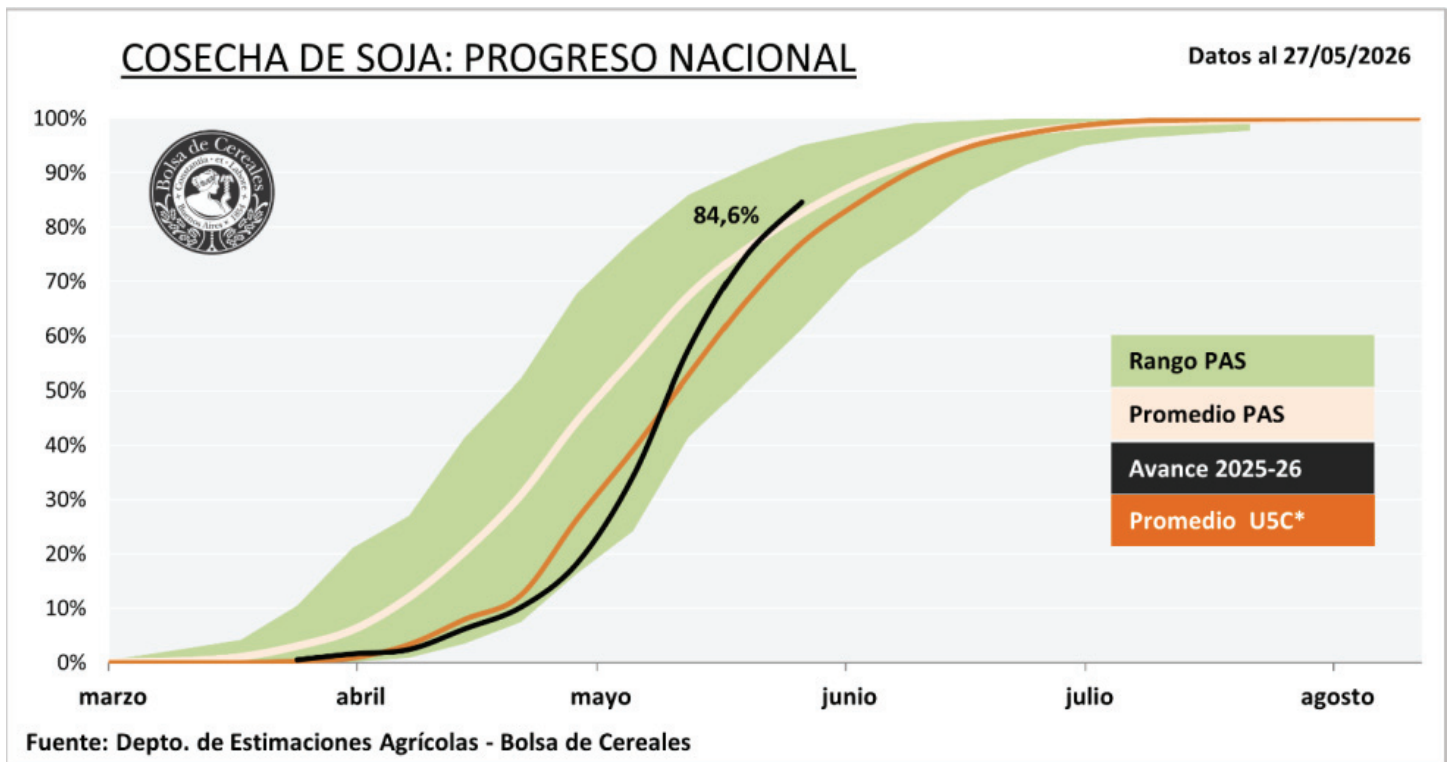
soybean markets struggle to find fresh bullish catalysts during favorable US weather. Soymeal has enjoyed exceptionally strong export demand this season, which has been a major driver behind the rally since February. However, Argentina's soybean harvest is now approximately 92% complete, increasing the supply of beans available to crushers. As Argentine crush rates accelerate, exportable meal supplies will grow, improving Argentina's competitiveness relative to the United States and likely slowing U.S. meal export demand in the weeks ahead. From a technical standpoint, July soymeal broke key uptrend support near 320 late this week, and it also violated its 200-day moving average near 316. In our view, any rebound back

toward the 316 area may present a speculative selling opportunity, with a retest of the 2026 lows just below 300 representing the next major downside objective.

Suggested Trading Strategy

SELL July Soymeal futures on a bounce to 315.70. Risk the trade to 322.00. If July futures fall to 300.00, move the stop down to 307.00. Take profits if July futures touch 295.50.

Argentina Soybean Harvest Progress



Source: Argentina Bolsa de Cereales
 Weekly Agricultural Estimates - June 5, 2026
<https://www.bolsadecereales.com/>

COFFEE READY FOR A POSITIVE TURNAROUND

The coffee market has had a rough start to 2026, losing more than 80 cents in value (down 25%) since the end of 2025. Expectations for a sizable global surplus during the 2026/27 season have kept prices on the defensive this month, but coffee has fallen “too far and too fast” as the decline to 19-month lows has put the market well into “bargain” territory. As a result, coffee prices may present an opportunity to approach the long side of the market.

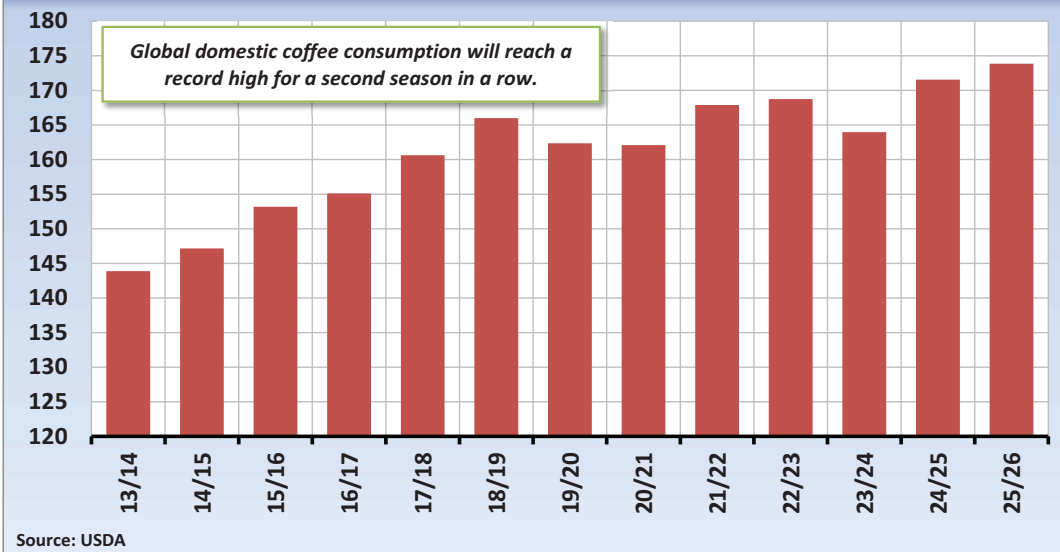
Global domestic coffee consumption has seen steady improvement in recent years, with the USDA 2025/26 forecast of 173.852 million 60-kilo bags marking a second consecutive record high. Out-of-home coffee purchases may soften if energy prices remain high, as that could lead to lower discretionary spending. However, coffee should see a large portion of that demand shift towards in-home brewing, which can help maintain the longer-term uptrend in global domestic consumption.

Coffee is widely expected to have a sizable global production surplus during the 2026/27 season, particularly with Brazil’s CONAB projecting its nation’s 2026/27 Arabica production to increase by more than 10 million bags from the 2025/26 season. While a strong El Niño may benefit Brazil’s coffee production, it may negatively impact coffee output in Colombia and Central America, potentially leading to a much smaller 2026/27 surplus than expected.

Suggested Trading Strategy

BUY a September Coffee 260.00/280.00 bull call spread at 3.60 with an objective of 11.00. Risk the option spread premium to 1.80.

Global Coffee Domestic Consumption Million 60-kilo Bags by Season



Coffee - September 2026



SCREWWORM IN TEXAS AND THE CATTLE MARKET

Earlier this week, the USDA's Animal & Plant Health Inspection Service confirmed that New World Screwworm (NWS) was detected in the umbilical cord of a 3-week-old calf in southwest Texas, 35 miles north of the Mexican border. There have been no further detections of screwworm within the USDA's 20-kilometer "infested" zone or the adjusted 20-kilometer "surveillance" zone. US Agriculture Secretary Rollins reiterated that there was no movement of cattle on or off the affected ranch, a critical factor in any potential spread of NWS.

U.S. Cattle Inventory
January 1st Of Each Year/Million Head



Source: USDA

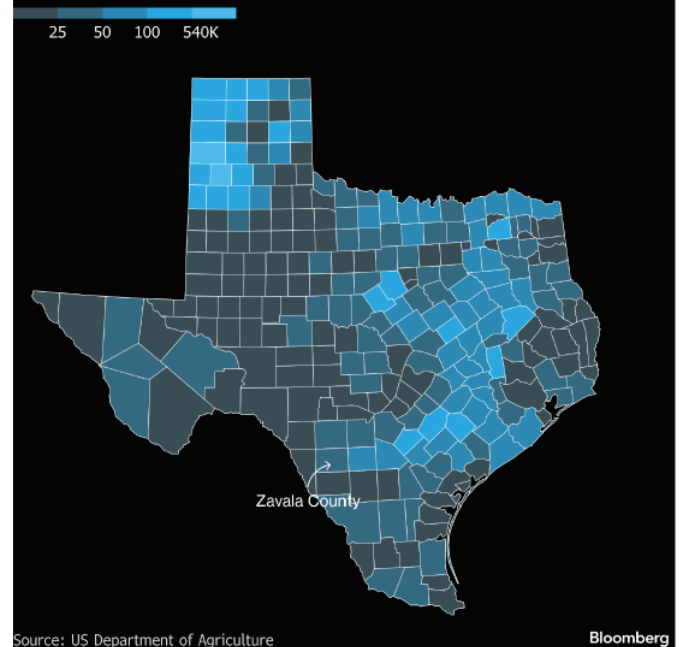
The U.S. eradicated NWS in 1966, but occasional infestations continued to be detected in the Southwest during the final phase of the eradication campaign. The last mainland US case was reported on August 1982, but there was a notable outbreak in the Florida Keys in 2016/2017, primarily affecting endangered deer. It was successfully eliminated using sterile-fly releases and did not become reestablished on the mainland.

A key element of the USDA's approach has been a ban on importing cattle from Mexico (where NWS is more prevalent) into the US. Even with an import ban in place, this week's developments have clearly rattled the live cattle and feeder cattle markets, which have seen a sharp turnaround in prices to the upside.

While this has been an isolated case so far, the threat of NWS could have an outsized impact given this decade's decline in cattle inventory. The USDA counted 86.155 million cattle and calves on January 1, 2026, a decline of 296,900 from January 1, 2025. This is the seventh consecutive year that the total number of cattle and calves has fallen, marking the lowest reading since the early 1950's. From 1975's record high of 132.028 million head, the US cattle herd has declined by 34.7%.

At the same time, US beef demand has been on the rise, with the USDA projecting 2026 domestic consumption at 13.306 million tonnes, a 1.1% increase from 2025 and a second consecutive record high. Higher protein consumption has been a significant part of the Trump Administration's national push for better nutrition.

US Screwworm Case Detected in Zavala County
Texas cattle and calves inventory by county as of January 2026



Source: US Department of Agriculture

Bloomberg

A domestic case of screwworm may not lead to a wider infestation, but it will likely keep the US/Mexico border firmly shut to cattle imports from Mexico for the foreseeable future. The US cattle inventory is unlikely to have a significant near-term rebound, which should continue to underpin live cattle and feeder cattle prices.



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COMMITMENTS OF TRADERS

Data As of June 2, 2026
Non-Commercial & Non-Reportable
Combined Futures & Options

Market	Net Position	Net Change	4-Wk Net Change	52-Wk Ranking
Grains				
CBOT Grains	142,826	-200,757	-247,076	35
Corn	47,878	-134,065	-168,935	39
KC Wheat	-7,318	-9,388	-22,340	35
Minn Wheat	22,591	-6,680	-10,397	44
Rice	2,460	12	1,422	52
Soybeans	139,445	-31,630	-51,993	30
Soyoil	167,562	11,490	-4,193	47
Soymeal	170,194	-5,019	11,764	49
Wheat	-44,497	-35,062	-26,148	34
Livestock				
Cattle	96,189	-13,676	-17,502	12
Feeder Cattle	321	-1,569	-3,050	1
Hogs	-35,524	-42,487	-66,320	1
Metals				
Copper	89,806	5,354	4,227	52
Gold	202,505	19,975	-3,070	13
Platinum	22,387	-68	-2,517	15
Silver	43,476	1,383	-1,371	16
Softs				
Cocoa	-22,919	-1,949	-5,844	5
Coffee	10,267	-4,534	-9,416	1
Cotton	102,093	-3,582	-20,058	47
Milk	-12,967	-1,435	-4,653	1
OJ	809	-406	-1,939	16
Sugar	-84,270	-34,616	-31,280	36
Currencies				
Canadian	-98,233	-27,620	-86,174	18
Dollar	5,276	2,930	623	48
Euro	37,694	4,100	-15,127	8
Energies				
Crude Oil	272,583	-7,233	-20,909	34
Gas (RBOB)	67,180	-1,561	-3,826	24
Heating Oil	31,057	1,479	353	15
Natural Gas	-173,999	16,717	-14,607	7
Financials				
Bonds	-65,876	42,939	16,867	5
E-Mini S&P	-92,088	-46,633	-60,183	11
Dow Jones \$5	989	3,384	274	32
T-Notes	-806,561	-361,712	-108,092	7
	Extreme			Ranking 1 = Shortest Short
	5% of Extreme			52 = Longest Long